



## A Study on Knowledge Management of Banking Sector in Chennai

### KEYWORDS

Knowledge management, Information Technology, Organization, Innovation, KM Implementation

### M.MANIVANNAN

Doctoral Research Scholar, Department of Business Administration, Annamalai University, Chidambaram, Tamilnadu

### Dr.C.KATHIRAVAN

Assistant Professor, Department of Business Administration, Annamalai University, Chidambaram, Tamilnadu

**ABSTRACT** Knowledge management is a new method for thinking about the organization and sharing creative and intellectual resources of the organization and in the other words it consists of all the methods by which the organization manages its knowledge-based assets including knowledge collection, storage, transmission, usage, updating and creation. This study aims to find out the relationship and impact of knowledge management of bank employees in chennai city. For that purpose, the independent variables are Knowledge, Information Technology, Organization, Top management support and Innovation. This study is descriptive in nature and the data will be collected by using questionnaire by 400 employees from public, private and foreign banks in Chennai. For analysis, this study will be used Correlation and multiple regression analysis. From the findings of this research we concluded there is a positive relationship and significant influence towards the knowledge management of bank employees in Chennai City.

### Introduction

Knowledge Management is a key instrument for the banks to achieve its full potential as the Knowledge Bank, by mobilizing global knowledge from inside and outside the organization and applying it to solve local development problems in a timely fashion. The goal is not only to enhance the bank's capacity to reduce poverty in a more timely, innovative, and effective manner, but also to provide direct access to the world's best development know-how to all stakeholders in the development processes, including Governments, partners, judicial bodies, the private sectors, foundations and NGOs. Knowledge management is a fast growing approach that pays a great attention to the recent challenges to increase efficiency and improve effectiveness of business-wise processes besides continuous innovation.

### Critical Success Factors of KM Implementation

KM Implementation is full of obstacles and problems that have to be solved.

1. Top Management
  - a. Understanding of KM and its possibilities.
  - b. Low level of the involvement of top management in continuous KM practices.
2. Employees. Insufficient preparation of the employees.
3. Business Strategy. Missing or insufficient business strategy. Rigidity of business strategy.
4. Knowledge strategy.
  - a. Failures in content of knowledge strategy.
  - b. Rigidity of knowledge strategy. If the data is given as an input, the output happens to be the information. Again if the information becomes an input, the output is generated as knowledge. The goal of a KM system (KMS) is to make the information gathered/produced by each individual (in the bank) available to any and every other part of the organization that might need it and only when they need it.

### Need for the Study

In order to compete and become successful in their own market, the banking sectors must now learn to manage their intangible asset, that is knowledge and this practice is referred as KM. Knowledge Management is the concept

of gathering, organizing, sharing and analyzing its knowledge in term of resources, documents etc. The delivery channel has become a business imperative to meet the customer expectations of 'anytime anywhere service'.

### Scope of the Study

The study highlights the emerging trends of prevailing KM perspectives among the bank employees and the major problems faced by the bank employees during knowledge sharing. The study will help the banking sector in formulating and enforcing the policy measures in this sector and thus achieve an outstanding customer response based on effective implementation of KM practices.

### Literature Review

Hibbard J (1997) defines Knowledge management "as the process of capturing a company's collective expertise wherever it resides – in databases, on paper, or in people's heads – and distributing it to wherever it can help 25 produce the biggest payoff". Leonard (1998) the starting point for managing knowledge in an organization is an understanding of core capabilities and, for technology based companies, core technological capabilities. Core competences are based on the skills and experience of many people who do the work, and may not exist in physical form. Pfeffer and Sutton (1999) identify a number of problems with our current KM efforts which contribute to the poor performance of many KM in this area: an overemphasis on technology and the codification of information; the separation of knowledge from how it is used; difficulties in storing and transferring tacit knowledge; lack of understanding of the context in which knowledge is used; and a focus on specific practices over underlying philosophies. Bhatt (2001) argues knowledge management is more than the capturing, storing and transferring of information and states it "requires interpretation and organization of information from multiple perspectives". Bhatt (2002) states knowledge as being more difficult to control than manufacturing activities "because only part of the knowledge is internalized by the organization, the other part is internalized by the individual". Zack (2003) believes this to be a dangerous assumption, both for industrial-age businesses

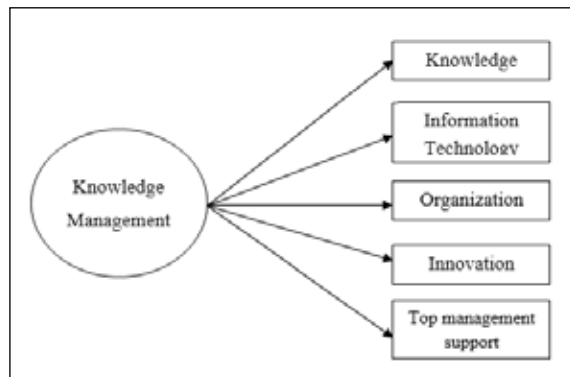
that may believe they can't change and for the information-age businesses that complacently believe they don't need to change the way they operate.

Berdrow and Lane (2003) examined knowledge management in the context of international joint ventures (IJVs) to depict how to manage the behavioral and contextual considerations with the purpose of creating value for the parent companies. The methodology adopted was case based wherein 20 in-depth interviews were conducted and archival data was collected from eight IJVs within the NAFTA partnership of Canada, U.S.A. and Mexico. The findings culminated into identification of six descriptors. These descriptors are: mindset, controls, strategic integration, training and development, resource contributions and integration, and relationship development. These descriptors help to differentiate between successful and unsuccessful cases. Bordeaux (2009), has addressed key themes across the KM literature which is of interest which are the Value of Knowledge which is treating Knowledge as Asset, Improve Organizational Decision-Making and Improving Group Sense-Making. From an extensive study of literature, he laid down several key insights which serve as initial observations for the establishment of a successful knowledge management regime. These were common data abstraction, protocols and compatible business logic (essential for effective communication across information systems), Process engineering and advanced information/communications technology (to transform organizational structures, establishment of a learning culture.

Michael Truong (2010) to contribute to a better understanding of the knowledge sharing between individuals and business units within an organization. Companies need to find ways to utilize tools within their environment to foster the extraction and storage of knowledge in multiple ways for future reference and use. Organizations should encourage employees to establish 50 relationships between individuals for its creation, sharing and social use of knowledge. Denise A. D. Bedford, (2013) Knowledge management is a young and evolving discipline. It traces its origins to the elds of economics and engineering in the 1950s and 1960s. Thought leaders in the held have traced the evolution of the held through three broad generations. First generation was concerned with the management of captured and explicit knowledge, increasingly enabled by technology. Manivannan M, et al (2014) the aim of that study is to show that through Sharing, Accumulating, Organizing and Utilizing Knowledge, service sectors can enhance employee's perspective of knowledge management in banks of cuddalore district. The sample included 200 employees both in public and private banks among various branches. The result shows that Knowledge Management measured through Knowledge, Information Technology and Organization positively affect the bank employee's perspective. Shakeel Ahmed, et al (2015) this study was to identify the impact of knowledge management practices e.g. Knowledge acquisition, knowledge conversion, knowledge application and knowledge protection on organizational performance. For this purpose survey methodology questionnaire was used to get response from 256 banking sector respondents. Data was analyzed by using SPSS. Results have shown that knowledge management activities i.e. knowledge acquisition, knowledge conversion, knowledge application and knowledge protection results in provision of quality services to customers, high customer satisfaction, efficiency in resource utilization, more profits and overall improved organizational performance.

**Conceptual Framework**

There are five independent variables, that are Knowledge, Information Technology, Organisation, innovation and top management support. These variables leads towards knowledge management. Each independent variable have further sub division.



**Objectives of the Study**

To measure the relationship existing between the employees working in banks with level of acceptance towards knowledge, organization, information technology, innovation and top management support in banks.

To identify the impact of Knowledge Management among the bank employees.

**Methodology**

The research was conducted among the bank employees with 400 respondents in chennai city. With the aim of testing the hypotheses formulated, a descriptive research was carried out. The questionnaire was based on previous findings reported in literature that is reviewed. A five-point Likert scale was used in order to specify the respondents' level of agreement to statements. In this research stratified random sampling to be used for collecting the data and Correlation, multiple regression analysis adopted to fulfill the objectives.

**Analysis and Discussion**

**Table 1 Correlation Showing Relationship between the Knowledge Management of bank Employees**

Knowledge Management	Tool	Knowledge	Information Technology	Organization	Innovation	Top Mgt Support
Knowledge	R	.284	-.124	.059	-.028	-.180
	P	.000	.013	.240	.573	.000
Information Technology	R	-.002	-.064	.026	-.108	-.116
	P	.972	.201	.605	.030	.020
Organization	R	-.150	.191	-.001	-.006	.012
	P	.003	.000	.991	.903	.817
Innovation	R	-.106	-.106	-.196	-.105	.046
	P	.034	.034	.000	.036	.358
Top Mgt Support	R	-.203	-.203	-.172	.034	.114
	P	.000	.000	.001	.492	.022

Source: primary data

In order to verify the relationship between five different dimensions with employee's perspective of knowledge management, a Pearson's correlation analysis has been carried out. It is observed that each dimensions of employee's perspective of knowledge management in banks has been

found with other dimensions in the following descending order with reference to its value of correlation co-efficient. Therefore the employee's perspective of knowledge management positively correlated with Knowledge, Information technology, Organization, Innovation and Top management support. It is concluded that there is a significant relationship among the variable knowledge management with respect to organization, information technology knowledge innovation and top management support. Relationship among the variables knowledge management with respect to organization, knowledge and innovation  $r$  value  $-0.028$ ,  $-0.006$  and  $0.034$  and  $p$  values are greater than  $0.05$ , which is not significant. It is concluded that there is no significant relationship among the variables knowledge management with respect to knowledge, organization and innovation.

**Table 2 Multiple Regression Showing Influences of Knowledge Management on Employees Performance Model Summary**

R	R Square	Adjusted R Square	F	P
.315	.092	.088	8.652	.000

#### Coefficients

S.No	Variables	B	SE	Beta	t	p
	Constant	2.663	.161		16.488	.000
1	Knowledge	.019	.009	.115	2.024	.045
2	Innovation	-.005	.008	-.036	-.587	.558
3	Organization	.022	.010	.124	2.273	.024
4	Top Management Support	-.006	.007	-.046	-.800	.424
5	Information Technology	.040	.008	.253	5.002	.000

Dependent Variable: Overall Knowledge Management

The multiple regression analysis has been carried a sample of 400 and data considering knowledge management as a dependent variable and the remaining five independent variables viz., knowledge, innovation, organization, top management support and information technology. The reaction of the respondents and effect of the independent variables over knowledge management of bank employees have been studied by the regression analysis. The F value obtained for the analysis is 8.652 which are significant at one percent level. Hence the assumed regression model may be considered as a good fit. The value of  $R^2$  is 0.092 and implies that 10% of knowledge management of bank employees are influenced by the above five variables.

Considering the significant individual regression coefficients, it is seen that the variables knowledge (Beta = 0.115,  $t = 2.024$ ,  $P = 0.045$ ), organization (Beta = 0.124,  $t = 2.273$ ,  $P = 0.024$ ), information technology (Beta = 0.253,  $t = 5.002$ ,  $P = 0.000$ ) are having effect over the knowledge management of bank employees. In the rest of the factors it is seen that three variables influenced at 5% per cent level. And the remaining two variables such as innovation and top management support values are more than 0.05 and it doesn't influence the bank employees towards knowledge management. The analysis found that knowledge, organization, and information technology variables are influenced on performance of bank employees and the variables innovation and top management support doesn't impact the performance of bank employees towards knowledge management.

#### Findings and Suggestions

From this study the researcher found that there is significant relationship among the knowledge management with respect to knowledge, organization, top management support and innovation. The analysis found that knowledge, organization, and information technology variables are influenced on bank employees and the variables innovation and top management support doesn't impact the performance of bank employees towards knowledge management. In Overall Knowledge Management banks are dominated in Knowledge, Information Technology and Organization. So banks must concentrates in the top management support and innovation to reach the level of bank employee's performance in future. All the banks must take care of their knowledge management towards the bank employee's activities.

#### Recommendations for Further Study

Researchers recommend organizations to adapt public, private and foreign banks approach in Knowledge Management concepts on bank employee's in Chennai. The study can also make the comparison of public, private and foreign banks in other cities like Bangalore, Hyderabad, etc... This study can be also used in insurance companies, financial institutions, hotel industry, travel sectors, organizations, automobile industries, etc...

#### Limitations of the Study

In this study, questionnaire method is used but not used any interview method to make more effective. In this study, the data cannot be collected all the banks and all the employees in selected areas. Due to time constrain, the study can be restricted only in Chennai City and 400 respondents as a sample. The resistance of the respondents due to fear, lack of interest and time is a major constraint and steps were taken to reduce this error by giving assurance that it is only for academic purpose. Some of the banks do not encourage their employees to participate in the study.

#### Conclusion

The results of this study provide an innovative attempt at investigating an obvious yet neglected link there is a positive relationship between the knowledge management and among the Banking sector of chennai city. As Drucker (1993) suggests, the one contribution a manager is uniquely expected to make is to give others vision and ability to perform. A basic operation in the work of the manager is to develop, direct, encourage and train employees. From this perspective, HR policies and practices, particularly participation, open communication and organizational and management supports, play an important role in facilitating the effective KM implementation. It is argued that because it is the employees who possess the organization knowledge, particularly tacit knowledge, and share or use it to create value for customers and organization, their attitudes prior to introducing KM strategy should be assessed. The extent that management truly believes and acts upon this premise largely determines the outcome of KM initiatives.

#### References

- Berdrow, I. and H. W. Lane (2003). International joint ventures: creating value through successful knowledge management. *Journal of World Business* 38(1): 15-30.
- Bhatt, G. D. (2001). Knowledge management in organizations: examining the interaction between technologies, techniques, and people, *Journal of Knowledge Management*, 5(1): 68-75.
- Bordeaux, J. (2009). *The Day DoD KM Died*. Retrieved August 4, 2010, from <http://jbordeaux.com/the-day-dod-km-died/>
- Denise A. D. Bedford, (2013). Knowledge Management Education and

- Training in Academic Institutions in 2012. *Journal of Information & Knowledge Management*, Vol. 12, No. 4, p-1.
5. Drucker, P. F., 1993. *Post-Capitalist Society*. Harper Collins Publishers, Inc, New York.
  6. Hibbard J. (1997), 'Knowing what we know', *Information Week*, October 20, p. 657.
  7. Leonard, D., 1998, *Wellsprings of Knowledge: Building and Sustaining the Sources of Innovation*, Harvard Business School Press, Boston, MA, 5-8.
  8. M.Manivannan, Dr.C.Kathiravan and R. Kanthiah Alias Deepak, Employees Perspective of Knowledge Management in Banks, *Indian Streams Research Journal*, ISSN 2230 – 7850, Volume – 4 Issue – 9 October-2014. Page No 1 – 11.
  9. Micheal Traung (2010). *Knowledge Management: The Energy Source of the Organization* Action Research Portfolio.
  10. Pfeffer J. and Sutton R. (1999), 'Knowing 'what' to do is not enough: turning knowledge into action', *California Management Review*, Vol.42, and No.1.
  11. Shakeel Ahmed, et al (2015) Impact of Knowledge Management Practices on Organizational Performance: an Empirical study of Banking Sector in Pakistan. *FWU Journal of Social Sciences, Winter*, Vol.9, No.2, pp 147-167.
  12. Zack, M. H. (2003). Rethinking the Knowledge-Based Organization. *MIT Sloan management review*, 44, 67-71.